

Responses to Questions
Emerging Markets Debt (“EMD”) RFP
January 30, 2015

- 1. Our firm is currently undergoing a firm-wide Global Investment Performance Standards (“GIPS”) audit that will be completed soon. Would the firm’s RFP submission be considered?**

A. If a firm can document GIPS compliance as described in the Request for Proposal, before Connecticut’s completion of its due diligence process, the submission will be considered.

- 2. Would International Standards of Auditing be considered instead of GIPS compliance?**

A. No. GIPS is a universal standard of investment performance measurement that provides us with a consistent framework to evaluate investment performance across different managers.

- 3. Our firm focuses on hard currency emerging market debt. (Alternatively: Our firm focuses only on local currency emerging market debt.) Could we be considered for this mandate?**

A. No. This mandate is a blend of hard and local currency, enabling a manager to move between the two as circumstances warrant.

- 4. Our portfolio managers have three years of experience managing only local currency portfolios at prior firms, but have not managed a blended hard-local currency emerging markets debt portfolio. Our blended emerging markets debt strategy now has a one year track record. Does our firm qualify for this RFP?**

A. No. As stated in the Minimum Respondent Qualifications, there is a “*minimum three year investment track record in the proposed emerging markets blended debt strategy of Hard Dollar and Local Currency EMD or stand alone products for each mandate. Minimum three year investment track record in each strategy if providing separate composites.*” Thus, if the portfolio managers did not have three years of experience managing a blended strategy, they would need three years of experience managing a hard currency EMD portfolio AND three years managing a local currency EMD portfolio, with the requisite GIPS-compliant track record.

5. Does our composite of JPM EMBI Global that invests in hard currency corporate bonds, hard currency sovereign bonds and local currency bonds meet requirements for inclusion?

A. Yes, if you have the required three year minimum track record and the allocations approximate the EMD blend we have requested.

6. Would any other emerging markets debt benchmarks be considered for this mandate?

A. Our portfolio will be measured against the blended benchmark as stated in the RFP and off benchmark investments are permitted. For providing EMD performance track records, the manager may include EMD portfolios managed against similar benchmarks.

7. Our firm's compliance guidelines will not permit us to provide our portfolio managers' performance from their prior firms. May we direct you to Bloomberg if we provide you with the direct fund codes? And if so, will AON consider this performance as part of the three year history?

A. We will consider reviewing prior performance through Bloomberg if codes provided and will work with our consultant to try to incorporate the portfolio managers' prior performance records.

8. Will commingled fund performance be considered?

A. Yes, if it is exclusive to the requested mandate.

9. Could you provide a Word version of the entire RFP?

A. No. With the exception of the questionnaire that is in Word format, the RFP has been provided in PDF format to prevent any changes from being made to the document.

10. Is there an opportunity to provide comments on the contract or investment guidelines if the mandate is awarded?

A. Comments about any contractual terms or investment guidelines that would be deemed "**deal breakers**" should be made at the time of submission since many requirements are mandated by State law. It is expected that a firm will have had thorough legal and business reviews of the contract terms prior to the submission of its response. Redlined comments are acceptable.

11. Can we submit data from 2014 Quarter End - December 31st 2014, in lieu of data from November 30th 2014?

- A. You may provide December data in addition to November data. We need all RFP submissions to have the same timeframe for comparison purposes, so we do require November data as stated in the RFP.

12. As our headquarters are based outside the US, with offices in other jurisdictions including the US, please confirm whether we would in fact be required to comply with Connecticut General Statute requirements?

- A. Yes. Compliance with the law is expected.

13. Is it a requirement that the firm have an office in Connecticut?

- A. No.

14. We have questions about specific details such as tracking error, leverage, credit ratings, etc. in the proposed Investment Guidelines. Will we have an opportunity to discuss?

- A. Yes, such details will be discussed with the semi-finalists.

15. What is the size of the Emerging Markets Debt Fund? How many managers are expected to be retained?

- A. The current fund approximates \$1.4 billion and is managed by four managers. No decisions have been made about the dollar amount of manager allocations or the total number of managers to be hired.

16. Will both asset-based fee proposals and performance-based fee proposals be accepted?

- A. We strongly prefer asset-based fee proposals.

17. Will the State of Connecticut use the manager's FCM Agreements and ISDAs or do they do their own?

- A. The State of Connecticut relies on the managers for these agreements. There may be limitations to certain terms and conditions. For example, the State of Connecticut CANNOT waive sovereign immunity.

18. Attachment G, Notice of Legal Proceedings, requires managers to certify that they have disclosed all information concerning legal proceedings, etc. about us and our affiliates. As part of a large, multi-national organization, we cannot give information about our affiliates. Is it okay to limit the certification to just the Respondent?

- A. Full disclosure of Legal Proceedings has proven to be an important element in relationships with investment managers. Entity disclosure for the manager is essential. Additionally, parent entities must disclose Legal Proceedings relative to entities within their control. Disclosure of affiliate proceedings that are relevant to the mandate; an indication of the organization's culture of compliance, and/or potential headline risk should be provided.

19. Sections 14 F and H require that every subcontract and purchase order we have with vendors contain certain provisions regarding non-discrimination. We already have agreements in place with vendors. Will we need to revise them to include this language?

- A. This requirement arises from Conn. Gen. Stat. sec. 4a-60 and 4a-60a. You should consult with legal counsel for advice on the applicability of these provisions to your existing agreements.

20. The cover letter requires us to provide a "statement that the respondent has read and accepts the State's contract compliance requirements." Can you confirm that there are not other requirements other than what is contained in the form IMA and related exhibits?

- A. The State's contract compliance requirements are those referred to in the RFP, Legal and Policy Attachments to the RFP and in the form IMA.

21. Please clarify the meaning of "Any product developed under a contract awarded as a result of the RFP, whether acceptable or unacceptable, will become the sole property of the Office of the Treasurer."

- A. Materials developed by the firm, paid for by the State's contract, are the property of the State. For example, if you produce a report, it belongs to the State and, unless there is an agreement to the contrary, it may be reproduced and disseminated at the State's discretion, without permission of the firm.